

BILL ANALYSIS

Senate Research Center

C.S.S.B. 515
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Finance
3-21-97
Committee Report (Substituted)

DIGEST

Currently, the North Texas Regional Library System, comprising 66 public libraries in 20 northwest Texas counties, is an independent nonprofit corporation which contracts with the Texas State Library and Archives Commission to provide services in that region. Prior to 1993, the Library Systems Act required regional library systems to maintain cash reserves equal to 24 percent of their proposed annual contract. However, in 1993, this cash reserve requirement was replaced with the present system, which identifies and minimizes risks to both state and federal funds, and establishes appropriate indemnification. This legislation proposes the re-establishment of a cash reserve for the North Texas Regional Library System in an effort to meet costs that cannot be paid with state and federal grant funds and to offset the problem of interrupted cash flow to the system.

PURPOSE

As proposed, C.S.S.B. 515 establishes a cash reserve requirement for regional library systems.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the Texas State Library and Archives Commission under SECTION 1 (Section 441.131, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 441.131, Government Code, by adding Section (c), to require the Texas State Library and Archives Commission (commission), in order to ensure the sound management and viability of regional library systems, to include in its rules provisions stipulating a cash reserve requirement for regional library systems. Authorizes regional library systems, to enable the accumulation of sufficient reserves for the sole purpose of cash flow management, to retain up to five percent of their annual system operation grant general revenue funds from year to year until the commission's reserve requirement is satisfied. Establishes the terms regarding the holding, reporting, auditing, and interest earned on these funds. Provides that these funds remain the property of the state, and if the commission ceases to contract with a regional library system, such funds must be fully and promptly returned as provided by this section.

SECTION 2. Effective date: September 1, 1997.

SECTION 3. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

SECTION 1.

Amends Section 144.131(c), Government Code, to delete the requirement that all funds in excess of five percent of annual system operation grant general revenue funds unexpended by a regional library system be refunded to the commission. Requires the commission to include in its rules provisions stipulating a cash reserve requirement for regional library systems. Authorizes these systems to retain up to five percent of their annual system operation grant general revenue funds from year to year. Sets forth the terms related to the holding, reporting, auditing, and interest earned on these funds. Provides that these funds

remain the property of the state.